

THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE CO.
Rated A+ SUPERIOR
By A.M. Best

FACSIMILE TRANSMISSION

DATE: June 29, 2009

FOR IMMEDIATE DELIVERY TO: Debbie Young
AGENCY: AJ Gallagher Risk Mgmt Svcs Inc

FROM: Susan M Boyd
THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE CO.
Atlanta Underwriting Center Branch Office
PHONE: (706)435-0522
FAX: (770)392-6223

RE: Montana Association Of Counties
Quote No.: FBP-0268599-00(24)

Equipment Breakdown Insurance Binder

Thank you for the order to place the insurance on this account. In response to your request, I have prepared the enclosed equipment insurance binder. Please be advised that the terms and conditions contained in this Hartford Steam Boiler binder supersede your prior application and request.

For your convenience, the attached binder summarizes all the applicable coverages and limits. If you have questions or this binder is not as we agreed, please let me know as soon as possible, in writing, so I can make any changes prior to issuing the policy.

Again, we appreciate your business and look forward to learning how we can assist you further on this account.

Sincerely,



Susan Boyd
Senior Production Underwriter

Promptly report Equipment Breakdown claims via phone to:
Hartford Steam Boiler Inspection & Insurance Co.
495 East Swedesford Rd
Wayne, PA 19087
(888)472-5677

Other useful information:

HSB Website: www.hsb.com
Loss Run Requests: loss_run@hsb.com
To schedule jurisdictional inspections: (800) 333-4677

THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE CO.
EQUIPMENT BREAKDOWN COVERAGE BINDER

Issued Date: June 29, 2009

Policy Number: FBP-AT-2253273

Declaration No:

1 of 3

Named Insured: Montana Association Of Counties

Location(s): As per schedule submitted 3/30/09

| ===== COVERAGES ===== | ===== LIMITS ===== |
|------------------------------------|--------------------|
| Equipment Breakdown Limit | \$100,000,000. |
| Property Damage | Included |
| Off Premises Property Damage | \$ 25,000. |
| Business Income | Included |
| Extra Expense | \$ 10,000,000. |
| Service Interruption | \$ 100,000. |
| Contingent Business Income | \$ 25,000. |
| Perishable Goods | \$ 100,000. |
| Data Restoration | \$ 25,000. |
| Demolition | \$ 1,000,000. |
| Ordinance or Law | \$ 1,000,000. |
| Expediting Expenses..... | \$ 500,000. |
| Hazardous Substances | \$ 100,000. |
| Newly Acquired Locations | \$ 1,000,000. |

| DEDUCTIBLES | |
|------------------------------|------------|
| Combined, All Coverages..... | \$ 50,000. |

| ===== OTHER CONDITIONS ===== |
|---|
| -Newly Acquired Locations: 90 Days |
| -Notice of Cancel. other than non-payment: 90 Days |
| -Omnibus Location Wording - See Endorsement |
| -‘Covered equipment’ does not include any rotating biological contactor. |
| -Extended Period of Restoration: 0 Days |
| -Interruption of Service Waiting Period: 24 Hours |
| -‘Covered property’ does not include media used in trickle filters or other sewage processing equipment. This includes but is not limited to biological or plastic media. |

(Continued)

THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE CO.
EQUIPMENT BREAKDOWN COVERAGE BINDER

Issued Date: June 29, 2009

Policy Number: FBP-AT-2253273

Declaration No:

2 of 3

Named Insured: Montana Association Of Counties

Location(s): **Detention Center, 605 S 16th Ave Bozeman MT 59715**

| ===== COVERAGES ===== | ===== LIMITS ===== |
|---------------------------------------|-----------------------|
| Equipment Breakdown Limit..... | \$ 26,760,000. |
| Property Damage | Included |
| Off Premises Property Damage | Excluded |
| Business Income | Excluded |
| Extra Expense | Excluded |
| Service Interruption | Excluded |
| Contingent Business Income | Excluded |
| Perishable Goods | Excluded |
| Data Restoration | Excluded |
| Demolition..... | \$ 1,000,000. |
| Ordinance or Law | \$ 1,000,000. |
| Expediting Expenses..... | Excluded |
| Hazardous Substances | \$ 100,000. |
| Newly Acquired Locations | Excluded |

| ===== DEDUCTIBLES ===== | ===== |
|-------------------------|------------|
| Direct Coverages | \$ 50,000. |

===== OTHER CONDITIONS =====
Exclusions B.2.g. and B.2.h. are deleted.

Detention Center, 605 S 16th Ave Bozeman MT 59715

Annual Premium: \$634.00*

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THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE CO.
EQUIPMENT BREAKDOWN COVERAGE BINDER

Issued Date: June 29, 2009

Policy Number: FBP-AT-2253273

Declaration No:

3 of 3

Named Insured: Montana Association Of Counties

Location(s): **Builders Risk Projects up to \$1,000,000.**

| ===== COVERAGES ===== | ===== LIMITS ===== |
|---------------------------------------|----------------------|
| Equipment Breakdown Limit..... | \$ 1,000,000. |
| Property Damage | Included |
| Off Premises Property Damage | Excluded |
| Business Income | Excluded |
| Extra Expense | Excluded |
| Service Interruption | Excluded |
| Contingent Business Income | Excluded |
| Perishable Goods | Excluded |
| Data Restoration | Excluded |
| Demolition..... | \$ 1,000,000. |
| Ordinance or Law | \$ 1,000,000. |
| Expediting Expenses..... | Excluded |
| Hazardous Substances | \$ 100,000. |
| Newly Acquired Locations | \$ 1,000,000. |

| ===== DEDUCTIBLES ===== | |
|-------------------------|------------|
| Direct Coverages | \$ 50,000. |

| ===== OTHER CONDITIONS ===== |
|--|
| -Exclusions B.2.g. and B.2.h. are deleted. |
| -Newly Acquired Locations: 90 days |
| -Renovation projects are excluded. |

Annual Premium: \$500.00**

(Continued)

THE HARTFORD STEAM BOILER INSPECTION AND INSURANCE CO.
EQUIPMENT BREAKDOWN COVERAGE BINDER

Issued Date: June 29, 2009
Policy Number: FBP-AT-2253273

Named Insured: Montana Association Of Counties
Location(s): As per schedule submitted 3/30/09

This binder contains a broad outline of coverage and does not include all the terms, conditions and exclusions of the policy (or policies) that may be issued to you. The policy (or policies) contains the full and complete agreement with regard to coverage. Please review the policy (or policies) thoroughly with your insured upon receipt and notify us promptly, in writing, if you have any questions. In the event of any inconsistency between the binder and the policy, the policy language shall control unless the parties agree to an amendment.

Your policy premium includes the following premium charge for losses resulting from certified acts of terrorism as defined in the Terrorism Risk Insurance Act, as amended: **\$0.00**

| | |
|--|---------------------|
| Annual Premium Breakdown: | \$74,888.00 |
| | \$ 634.00* |
| | <u>\$ 500.00 **</u> |
| ANNUAL PREMIUM (with surcharges/taxes): | \$76,022.00 |
| Effective Dates: | July 1, 2008 |
| Commission for this Account: | 20% |
| Total Surcharge/Tax: | \$0.00 |

THE HSB DIFFERENCE

Why Choose Hartford Steam Boiler for Equipment Breakdown coverage?

INNOVATION. More people select HSB for equipment breakdown because they know they'll get broad coverages, better claim service, and reliable jurisdictional inspection service. The history of innovation in equipment breakdown coverage is the history of HSB. We design coverages to help you keep pace with rapid changes in technology.

SUPERIOR PRODUCTS AND SERVICES. In a study by an independent market research firm agents ranked the quality of HSB's coverage, claim service and inspection service higher than other equipment breakdown insurers.

TECHNICAL KNOWLEDGE. We know more about equipment breakdown risks than anyone. Fifty percent of our staff are engineers, inspectors and technicians. We use our technical knowledge to enhance coverages, get insureds back into business faster following a loss and help our clients avoid loss.

UNDERWRITING. What you can understand you can underwrite. HSB has a very broad underwriting appetite and can underwrite virtually any class of business. We also can discern which accounts are better risks and reward them with our most favorable pricing and coverage terms.

SPEED. HSB InstantQuote provides you competitive online quotes in three minutes for most accounts. HSB field underwriters have broad authority so complex accounts also receive responsive service.

EASE. HSB coverage is available monoline or through more than 200 property casualty insurers as part of their commercial package products. Either way you get quality coverage and HSB's reliable service.

FINANCIAL STRENGTH. Hartford Steam Boiler is rated A (Excellent) by A.M. Best Company. This rating is assigned only to companies that have, in A.M. Best's opinion, an excellent ability to meet their ongoing insurance obligations.

CLAIM SERVICE. HSB doesn't just adjust claims, we work to help insureds get back into business faster. We have a national network of independent repair firms and parts suppliers and can locate what's needed to restore operations faster. Insureds appreciate this value because it helps them retain business they might otherwise lose.

JURISDICTIONAL INSPECTIONS. HSB jurisdictional inspection service is reliable. We inspect over 500,000 boilers and pressure vessels each year and have hundreds of inspectors all across the U.S. near our customers. If an account has a jurisdiction inspection requirement, we have the resources to get it done. That saves our clients hassles and assists them in complying with jurisdictional requirements.

LOSS PREVENTION. Loss prevention is the best policy you can buy. Equipment risk is growing more complex as new technologies and new business practices are introduced. HSB has the knowledge, experience and skills to help insureds avoid costly loss. Equipment is the heart of a business. Our loss prevention services help clients keep their equipment running so they can focus on taking care of their business.